



American Homeowners
Grassroots Alliance

Defending the Interests of 75 Million U.S. Homeowners

6776 Little Falls Road, Arlington, VA 22213
703-536-7776 fax: 703-536-7079
AHGA@americanhomeowners.org
www.americanhomeowners.org

June 8, 2009

Acting Chairman Michael Copps
Commissioner Jonathan Adelstein
Commissioner Robert McDowell
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: GN Docket No. 09-51: NOI re National Broadband Plan for Our Future

Dear Acting Chairman Copps and Commissioners Adelstein and McDowell:

The American Homeowners Grassroots Alliance (AHGA), in serving our nation's 75 million homeowners, focuses on public policy issues that have sufficient economic impact on home owners and homeownership. Broadband policies are of growing importance to homeowners, to our economy, and to the environment.

Today, the majority of U.S. homes have broadband connections, and access the Internet through fiber, copper, cable, wireless, and/or satellite technologies. Broadband providers are continuing to upgrade their networks to provide additional broadband capabilities, speed, and services to existing and potential consumers, yet prices have remained relatively stable. The number of extremely important broadband-centric applications also continues to increase dramatically, making broadband access more important to American homeowners and other consumers.

Although broadband Internet access – whether provided by wireline, wireless, or satellite technology - is increasingly available to more consumers at faster speeds, in more locations, and on smaller, easier-to-use devices, it is clear that there are significant technological and other barriers to its universal availability. While prices have remained relatively stable and broadband penetration has increased dramatically, the cost of broadband is still prohibitive for many lower income consumers. Adoption rates are also constrained by both consumers' technical limitations as well as limited real or perceived benefits of broadband.

The proliferation of new and valuable broadband applications will continue to require faster broadband speeds as time passes. As yet unknown new broadband technologies will create new opportunities and solutions to many of these challenges. All of these factors must be taken into account in the development of the National Broadband Plan for Our Future. That plan will of necessity be a work in progress that should be modified as necessary over time.

AHGA supports the goals of the plan, as established by Congress. It has directed the Commission to:

- analyze the most effective and efficient mechanisms for ensuring broadband access by all people of the United States;
- develop a detailed strategy for achieving affordability of such service and maximum utilization of broadband infrastructure and service by the public;
- provide an evaluation of the status of deployment of broadband service, including progress of projects supported by the grants made pursuant to this section; and
- provide a plan for use of broadband infrastructure and services in advancing a broad array of public interest goals, including consumer welfare, civic participation, public safety and homeland security, community development, health care delivery, energy independence and efficiency, education, worker training, private sector investment, entrepreneurial activity, job creation and economic growth, and other national purposes.

Some of the needed steps leading to universal broadband access are already in process. Congress has charged the Department of Agriculture's Rural Utilities Service and the Department of Commerce's National Telecommunications and Information Administration with making grants and loans to expand broadband deployment, and for other important broadband projects as part of the American Recovery and Reinvestment Act of 2009. Congress provided \$7.2 billion for this effort. Spending that amount of money over a short period in order to maximize the stimulus effect is a worthy goal. Optimizing the effectiveness of that spending under the time constraints will be an enormous challenge. In any event this level of funding will be insufficient to support nationwide broadband deployment under the best of circumstances.

There are important roles for all stakeholders on the road to universal broadband availability. Industry, American consumers, large and small businesses, federal, state, local, and tribal governments, nonprofits, disabilities and other communities all have important roles to play in the process. We commend the FCC for this Notice of Inquiry soliciting input on the development of a National Broadband Plan for Our Future. Our

suggestions regarding questions posed in the inquiry where we can provide meaningful input are as follows.

The definition of broadband will be a major challenge because the need for speed and different levels of service will continue to increase while one individual or business's needs will also be very different than another's. In addition, the cost of broadband is also a factor that should be considered in defining broadband. As an example, the cost of a broadband speed that satisfies the needs of 90% of a given population may be far less than one that satisfies the needs of 95% of that population. If you define the former as "not broadband", the plan may preclude providing affordable broadband to a large number of consumers who would be perfectly happy with slightly slower speeds. A constructive approach to this challenge would be to define a tiered level of broadband speeds, ranging from a very fast "ideal" speed that would serve the most demanding customer well into the future down to a slower, but acceptable speed that will be adequate for most customers for the near term. The fastest would be the preferred speed we would eventually want to provide all customers, but slower speeds would be acceptable when they were the only alternative or when strongly suggested by cost/benefit analysis. To facilitate a cost/benefit comparison, the faster speeds could be assigned more evaluation points.

The same approach should be considered for other components of broadband definition, including services such as voice, video, and private data applications, as well as other needs or benefits such as network security and mobility. There should be different sets of standards for different types of broadband services that have substantially different characteristics. For example, there is a rapidly growing demand for mobile broadband services, and consumers clearly recognize that the mobility/portability is a key benefit of that form of broadband. For that reason mobility or portability has to be weighted as a benefit against mobile broadband's currently lower throughputs compared to fixed broadband services. This approach would also support flexibility in cost/benefit analysis.

Rural regions will have inherently higher deployment costs for many types of broadband, but rural broadband options should be evaluated on a cost/benefit basis just as non-rural areas. Factors such as cost of deployment and projected actual speed, and limitations, such as geographic coverage for mobile broadband and the unreliability of satellite, must also be factored into that analysis.

The definition of access to broadband capability should be measured against the number of homes and business locations in the U.S. This is the ultimate goal of the plan, and some chronically ill consumers and other shut-ins will be able to access broadband only if it is available in their home. This should not however, prejudice cost

effective alternative investment in broadband dissemination as we move towards that goal. Providing broadband access through libraries and other community centers and at public Wi-Fi hotspots are worthy and cost-effective alternatives and should not be discounted. This may often be the most effective alternative in rural areas. The fact that some local residents may have limited access because of handicaps or convenience should be factored into the national broadband plan, but at the same time, should not diminish the importance other forms of community-based broadband. Schools should have high priority for broadband access because of its growing importance to education. Businesses that require broadband and can create substantial numbers of jobs can have substantial impact on employment in rural communities. For that reason, and because they can also serve as anchor broadband demand sources, their broadband needs should be supported if possible, especially in rural broadband deployment decisions.

Unserved areas should receive the highest priority for broadband access. The high broadband take-up rates when broadband first becomes available in any area proves that it is an affordable and desirable service for a large share of consumers at today's prices. These take-up rates are even more impressive when you factor out the significant minority of consumers that surveys show are currently not interested in broadband services no matter how low the price. Many services require broadband, and the unserved can't get them at all. We should focus on them, and in the meantime provide subsidies to low income consumers who cannot afford the cost of broadband in underserved areas. While encouraging an environment that supports more facilities-based competition is important, with time and technological process, areas that are currently underserved have a good likelihood of seeing new competitors and lower prices anyway.

Internet access is inherently a function of affordability. In achieving affordability, a definition of maximum acceptable costs for consumers with the lowest incomes should be established. A national broadband plan should include a mechanism for making broadband access available to them through direct or indirect subsidies. We may only need to subsidize the cost of existing broadband services for low income consumers in underserved areas temporarily, because price competition and/or new breakthrough technologies may very well reduce, or even eliminate, the need for the subsidy in the future.

AHGA supports the Commission's four Internet policies: (1) "consumers are entitled to access the lawful Internet content of their choice"; (2) "consumers are entitled to run applications and use services of their choice, subject to the needs of law enforcement"; (3) "consumers are entitled to connect their choice of legal devices that do not harm the network"; and (4) "consumers are entitled to competition among network providers,

application and service providers, and content providers.” AHGA commends the FCC for its enforcement of those principles, which continue to assure homeowners neutrality in their Internet access.

Broadband access for people with disabilities is critical, and the needs of the disabled vary according to their disability. Those needs will only increase in the future. For example, wearable medical monitoring devices now under development will enable millions of chronically ill homeowners to remain in their homes while their condition is remotely monitored 24/7. They would otherwise have to move to nursing homes or other facilities at great expense to them, their insurers, and/or the government. To take advantage of this opportunity they will need safe, secure, and extremely reliable broadband access. Older homeowners, particularly in rural areas, can greatly benefit from e-medicine through video consultations with their doctors and or specialists. Standardized national online medical records will improve healthcare but also require secure broadband access.

The FCC will need up-to-date and complete information on existing broadband deployment and possible future deployments to measure its progress and help guide it toward the goal of ensuring that all Americans have access to broadband. At the same time, the FCC also needs better data on why many Americans who currently have access to broadband are not choosing to subscribe because it also needs to address this challenge. It will first have to define what data it needs to collect and with what frequency. After that it will need to monitor the research protocols of data providers to assure that sound market research and statistical principles are followed and that refinements are continuously applied where needed. This approach should be applied to all data collection, whether the data collectors are the FCC, other government agencies, nonprofits, associations, companies, or partnerships of any of the aforementioned.

AHGA believes that market mechanisms can both stimulate broadband demand and broadband deployment. The rapid growth of teleworking has become an important driver of broadband deployment. According to IDC, a national research firm, there are between 34.3 million and 36.6 million home office households in the United States alone. At least 18 million are home-based businesses, according to U.S. Census figures. They include Internet-centric businesses, such as the millions of eBay Power Sellers who derive all or most of their income from Internet commerce, service businesses such as website designers, real estate agents, mortgage brokers, and millions of other home-based businesses. The balance are employees of businesses of all sizes or governments at all levels who are telecommuting from home.

Home based businesses that use broadband-centric business models benefit society in many ways. Since they do not drive to work, home-based small business owners and

teleworkers are helping to reduce rush hour traffic jams and defer the need for state and federal transportation infrastructure investments, both for expansion and maintenance. The shift to home-based teleworking is helping reduce environmental pollution and global warming. By using existing space in their homes, telecommuters and home based businesses reduce the need for the construction of new commercial office space, which also helps the environment.

One of the barriers to faster growth of teleworking is the cost of technology. Since most home based business owners and telecommuters require high speed broadband, they also provide an expanded broadband revenue base that facilitates broadband expansion to rural areas and other underserved markets. Tax code changes that reinforce and encourage the formation of home-based businesses and telecommuting are particularly desirable. For example, Congress has provided a \$2,000 tax credit for the purchase of a hybrid vehicle. A similar \$2,000 tax credit for the purchase of broadband services, computer hardware and/or software used for business purposes in the home would encourage more broadband consumption and more people to leave their SUV parked in the driveway.

Similar tax credits to encourage businesses to invest more in specific types of desired broadband services or other areas where more investment may be needed, such as the “middle mile”, can be useful ways to encourage more risk capital and stimulate deployment. Tax credits can also be easier and faster to implement than regulatory regimes, and may carry less risk of unintended consequences.

It is important for the Commission to understand the costs of deploying broadband networks to the unserved areas of our country. Even though cost models will likely show that it will take a long time and cost a lot of money to bring broadband to 100 percent of the country, it is important that the FCC and Congressional policymakers understand the scope of the challenge. Cost models are a viable tool, and there may be other ways for estimating deployment costs. While such models will be subject to error when applied to specific potential federal investments, they will provide a helpful framework for establishing initial priorities.

AHGA recommends that existing universal service programs be carefully analyzed to gauge their effectiveness, and modified to recognize the importance of broadband and its ability to include voice communications in many cases. We believe various programs can be better targeted to address broadband deployment, particularly because these programs treat the support of broadband differently. With voice being an increasingly common component of broadband services, these programs should give preference to broadband with voice capability because of its added advantage. Given the growing importance of combined voice and data communications to the nation’s consumers, it may also be time to ask whether broader-based taxpayer funding for the High-Cost

Fund may be a better alternative than relying entirely on cross-subsidies from various members of the communications subsector. Innovative regulatory approaches, such as reverse auctions with appropriate requirements, should also be considered as a means of allocating funds under the Universal Service High-Cost program. Since the low-income programs do not currently support broadband, the Commission should make broadband affordable to low-income consumers through those programs in the future. The first priority should be to deploy those programs in unserved areas, because consumers in those areas currently have no access to broadband at any price.

Competition between various broadband network providers, application and service providers, and content providers is highly desirable. It will reduce costs, allow consumers more choices, and allow broadband providers to differentiate themselves from their competitors based on business models. We believe that the first priority of a universal broadband plan should be to assure that there is first one provider available to consumers who currently have no broadband providers. That will take a lot of time and substantial investment. While that is occurring technological progress and other factors will likely result in more competition in underserved areas. At the point that the primary objective of a national broadband plan is implemented, many formerly underserved areas will likely have progressed to substantially more competition. The task of addressing underserved areas and its attendant costs will by that time be substantially reduced.

Stimulating consumer broadband demand is a critical part of the national broadband strategy. Important demand drivers include the aforementioned teleworking tax credit. Better technology education in primary and secondary schools is an important component of this process. Providing broadband to all schools and libraries should be an important component of the national broadband plan, and the FCC, other government agencies, businesses and nonprofits should continue to stress the importance of technology education to the educational community. That education must include not only the fundamentals of using broadband technology, but also comprehensive online safety awareness.

There is also a great opportunity for public/private partnerships to collaborate to advance common objectives, particularly in rural areas where broadband is lacking. The best of them will maximize the advantage of the strengths of each of the partners. In rural areas, residents are often dependant on local newspapers for information about activities their local communities, and small newspapers are dying in many rural areas. As a result more and more rural residents are losing this important connection with their local governments, nonprofits, cooperatives, civic and service organizations, churches, and other groups that are important to their lives, and they have nothing to replace it.

Small towns and many small counties face severe budget constraints. They often have such limited resources that their websites are at best rudimentary and reflect only a small amount of the local government's resources and ongoing activities. The same is true for many rural nonprofits, cooperatives, civic and service organizations, churches, and other groups that have deep and meaningful relationships with local residents. While many lack the resources to create robust websites (and some don't have websites), they know their audience well and they know their own programs well.

An effective rural broadband buildout program can take advantage of this technology to restore and enhance the connection of rural residents to their communities. It could provide financial resources to help rural governments, nonprofits, cooperatives, civic and service organizations, churches, and other groups to expand their Internet presence, which would add tremendous value to broadband services in the eyes of local residents. Broadband service providers who have the technological resources and skills to manage broadband projects should be provided the financial incentives to build out those broadband networks, and be directed to work with the community organizations in promoting the locally relevant benefits of broadband. Upon implementation adoption rates will be far higher if potential subscribers are told about the comprehensive information they can now receive online from the websites of their local governments, nonprofits, cooperatives, civic and service organizations, churches, and other groups.

Congress has directed that the plan will ensure that all people of the United States have access to broadband capability and requires the FCC to establish benchmarks for meeting the goal. Barring the development of some revolutionary and cost effective new technology or unlimited federal budgets, AHGA does not believe that all people of the United States will ever have access to broadband capability without additional federal funding support in addition to the funding already provided in the stimulus program. Consequently benchmarks, both in terms of penetration and time lines cannot be provided without making some assumptions about the level of funding provided over time. The best that FCC can do under these circumstances is to develop an alternative range of benchmarks tied to the likely highest and lowest levels of federal financial support. This will be very useful information for federal appropriators because it will also allow them to apply cost/benefit considerations to their broadband funding decisions.

Sincerely,

A handwritten signature in dark ink, reading "Bruce N. Hahn". The signature is written in a cursive, slightly slanted style.

Bruce N. Hahn

President